

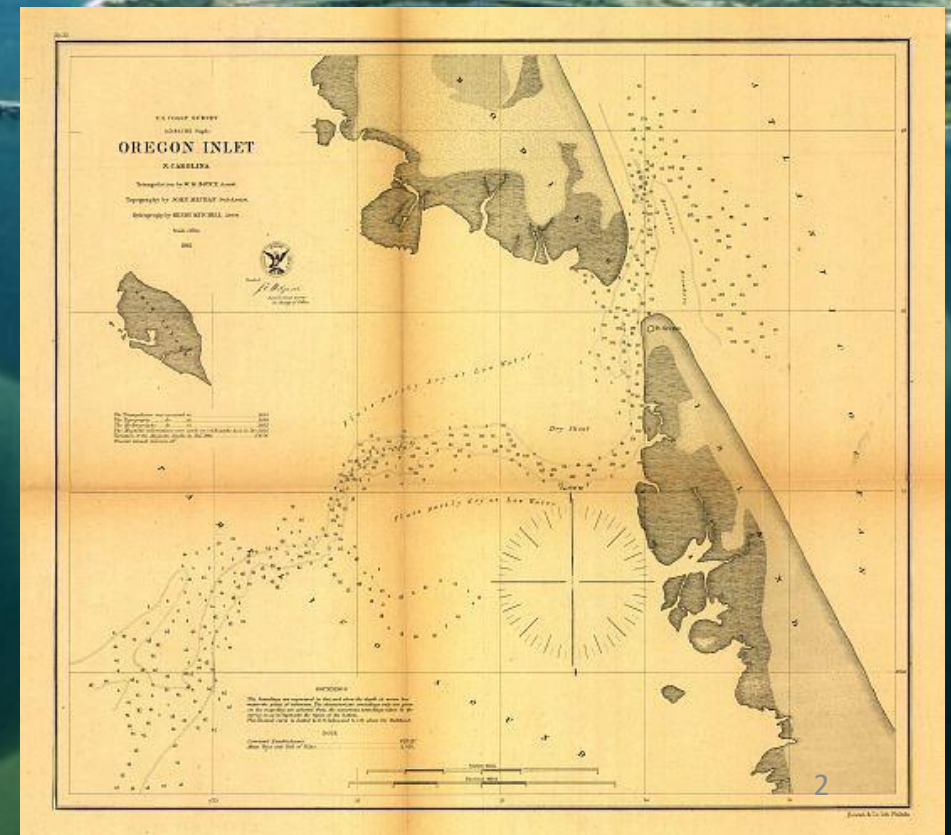
Dredging Update

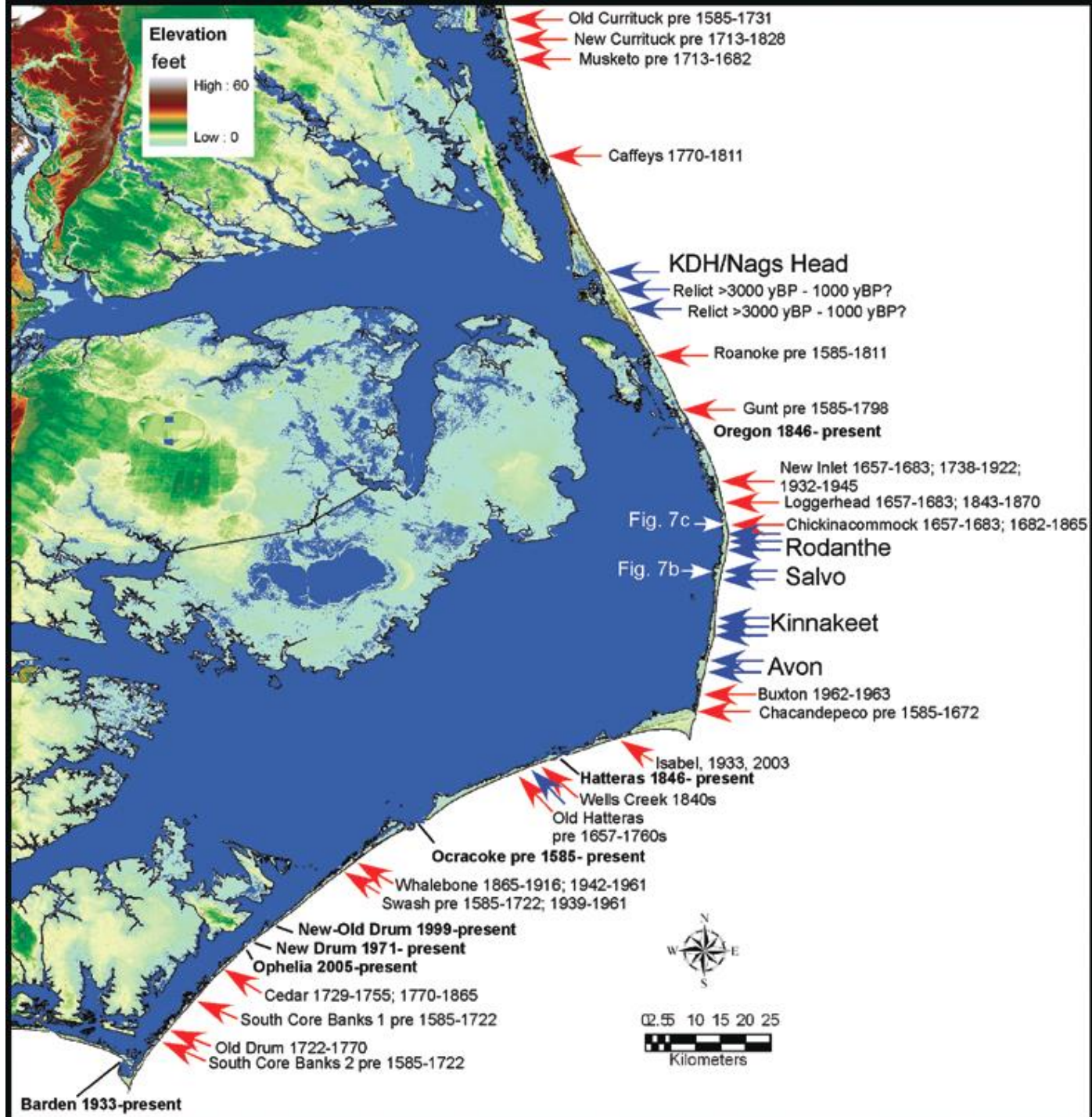
House Select Committee on Strategic Transportation Planning and Long-Term
Funding Solutions

August 28, 2018

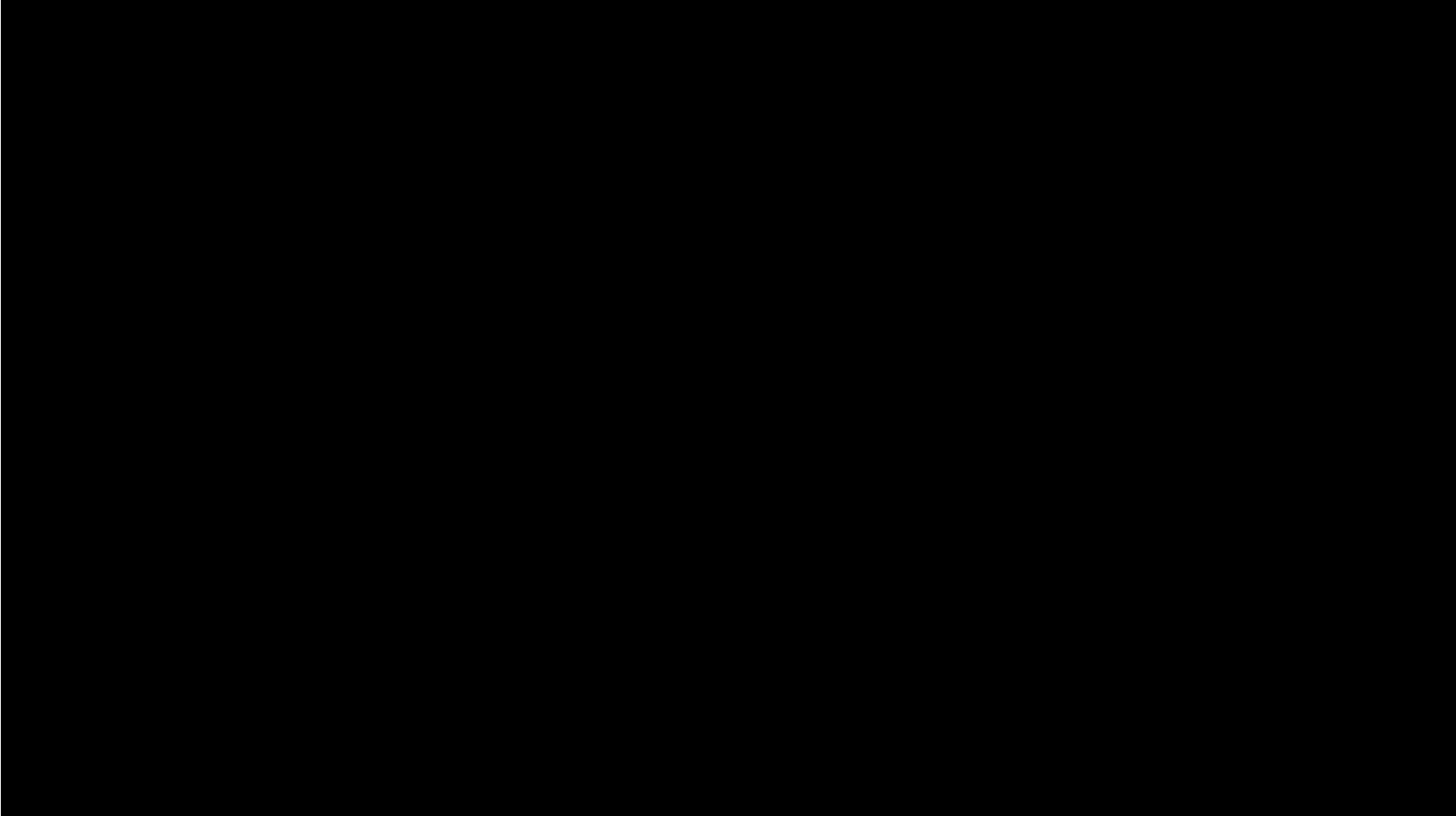
Jim Tobin and Harry Schiffman

**Was Oregon
Inlet formed
by a hurricane
in 1846?**

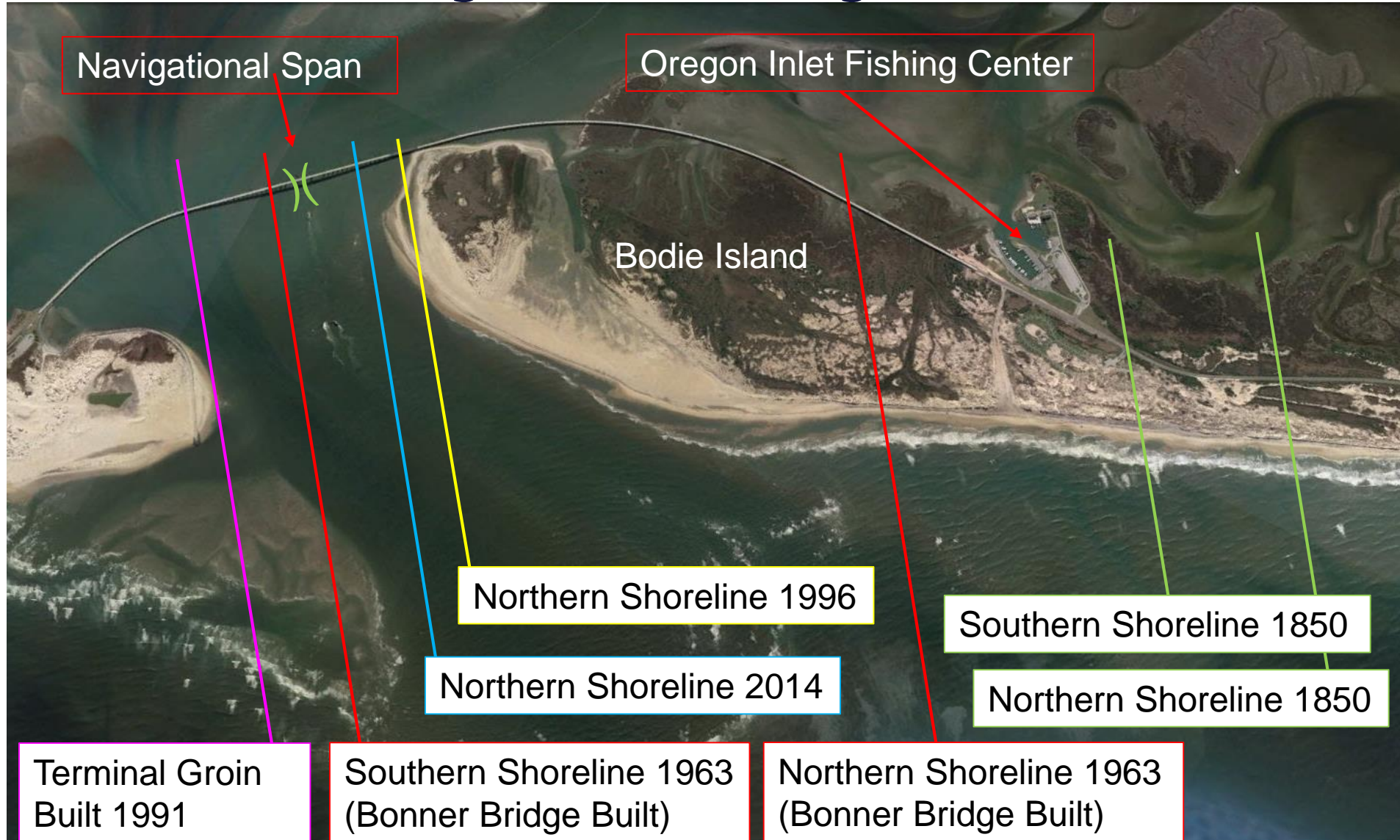




Part 1: Migration of Oregon Inlet



Part 1: Migration of Oregon Inlet



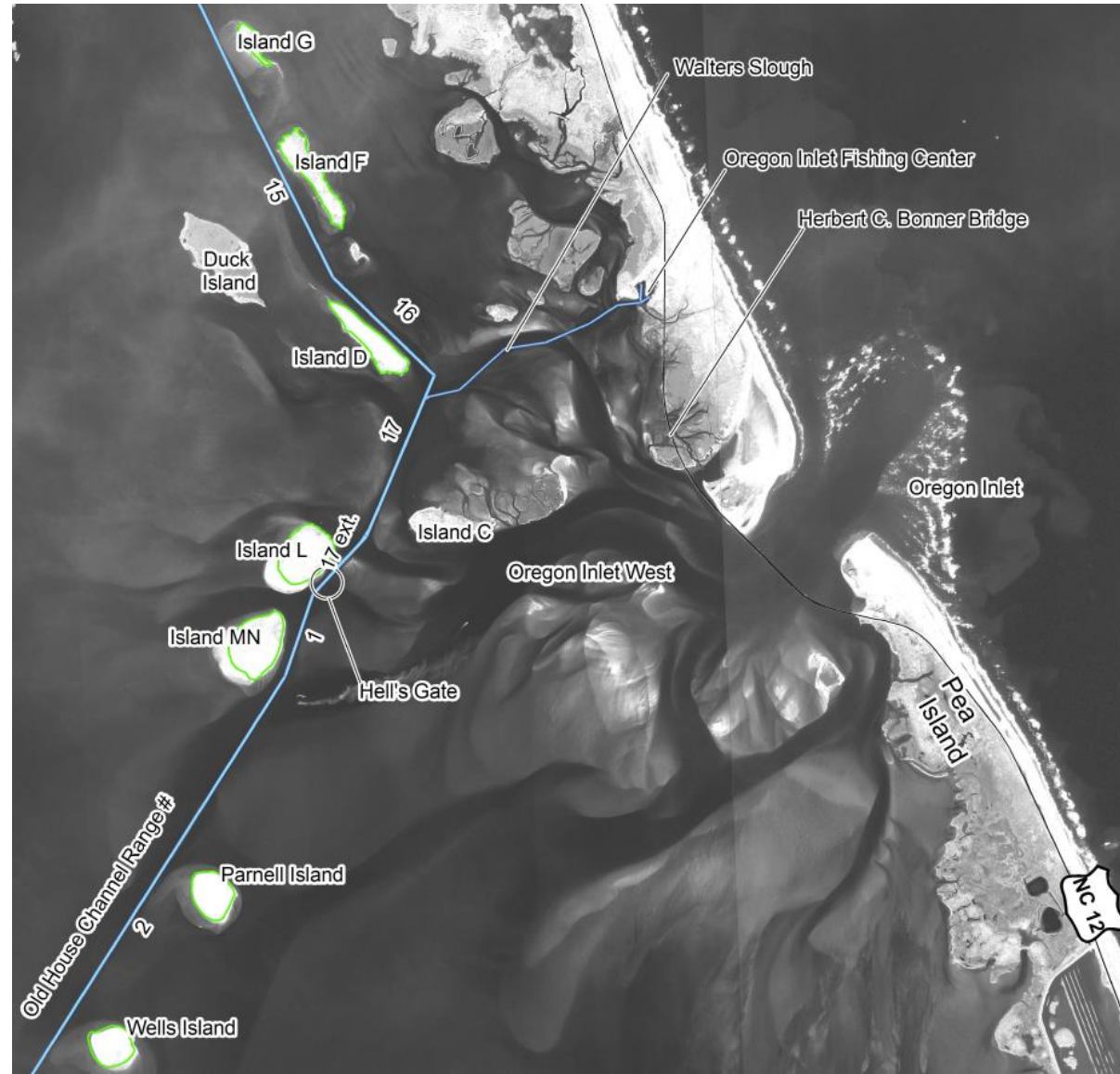
Coast Guard Station Pea Island



Time Lapse of Oregon Inlet

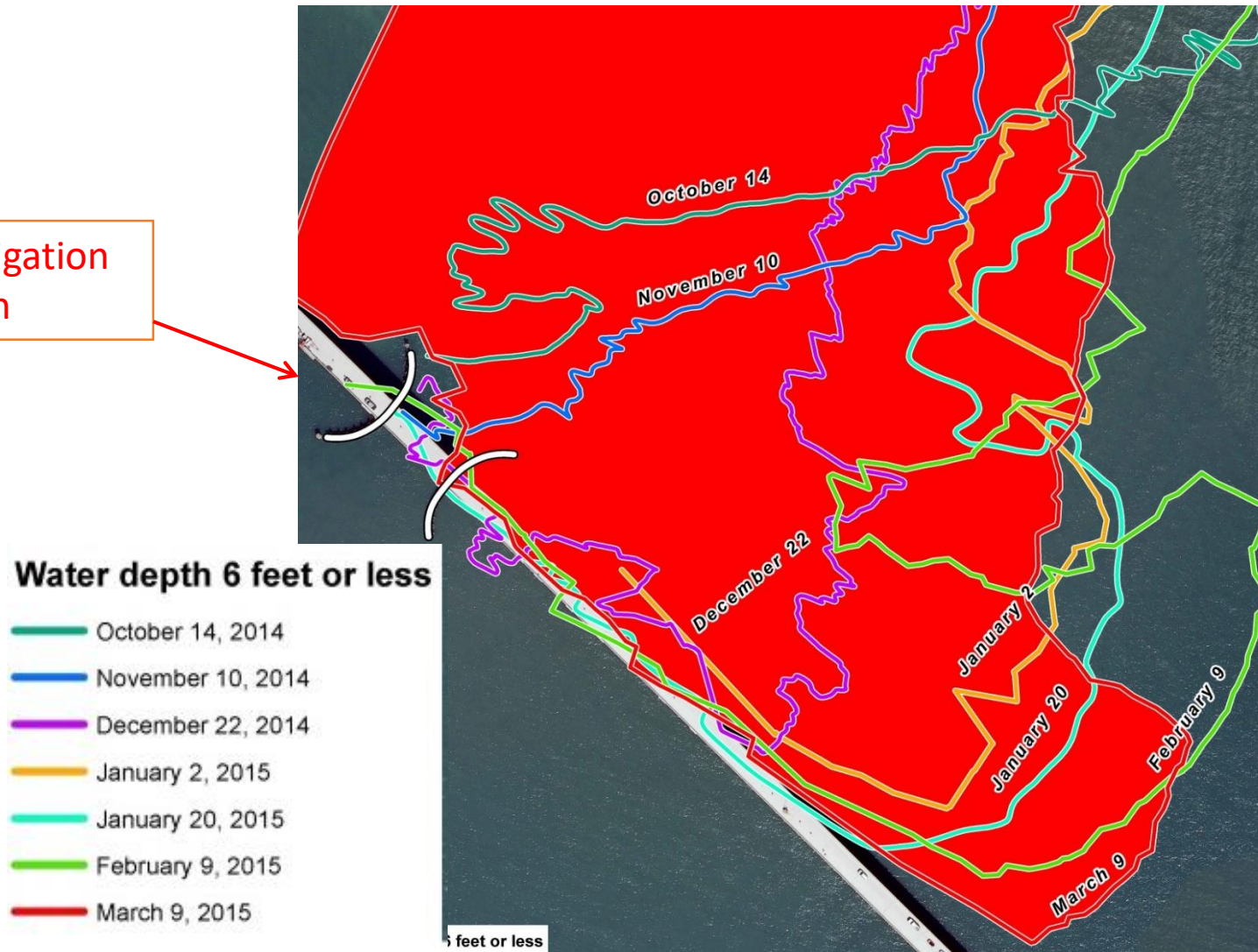


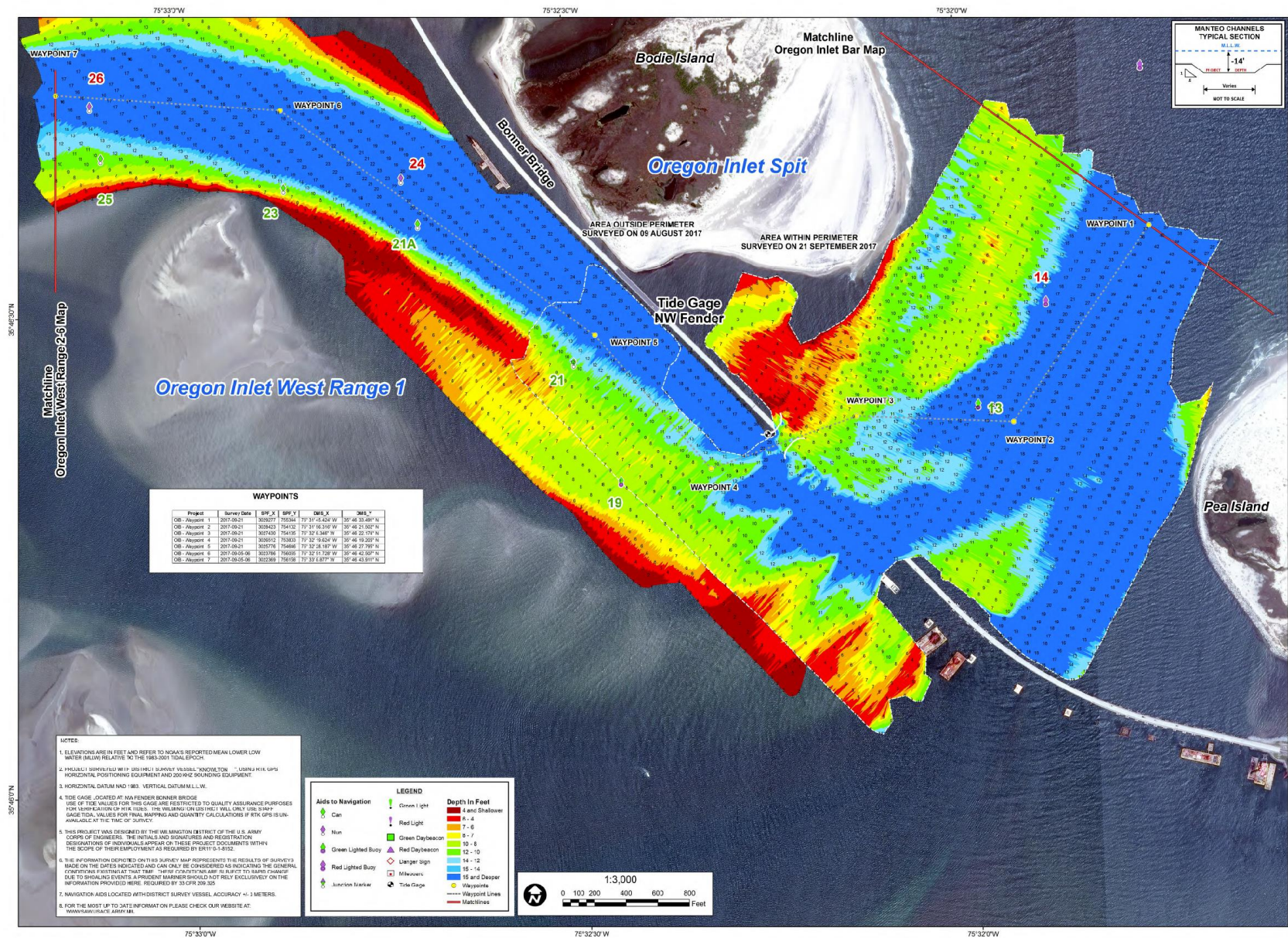
Part 1: Migration of Oregon Inlet



Part 1: Migration of Oregon Inlet

Navigation
Span





US Army Corps of Engineers
Wilmington District

NORTH CAROLINA

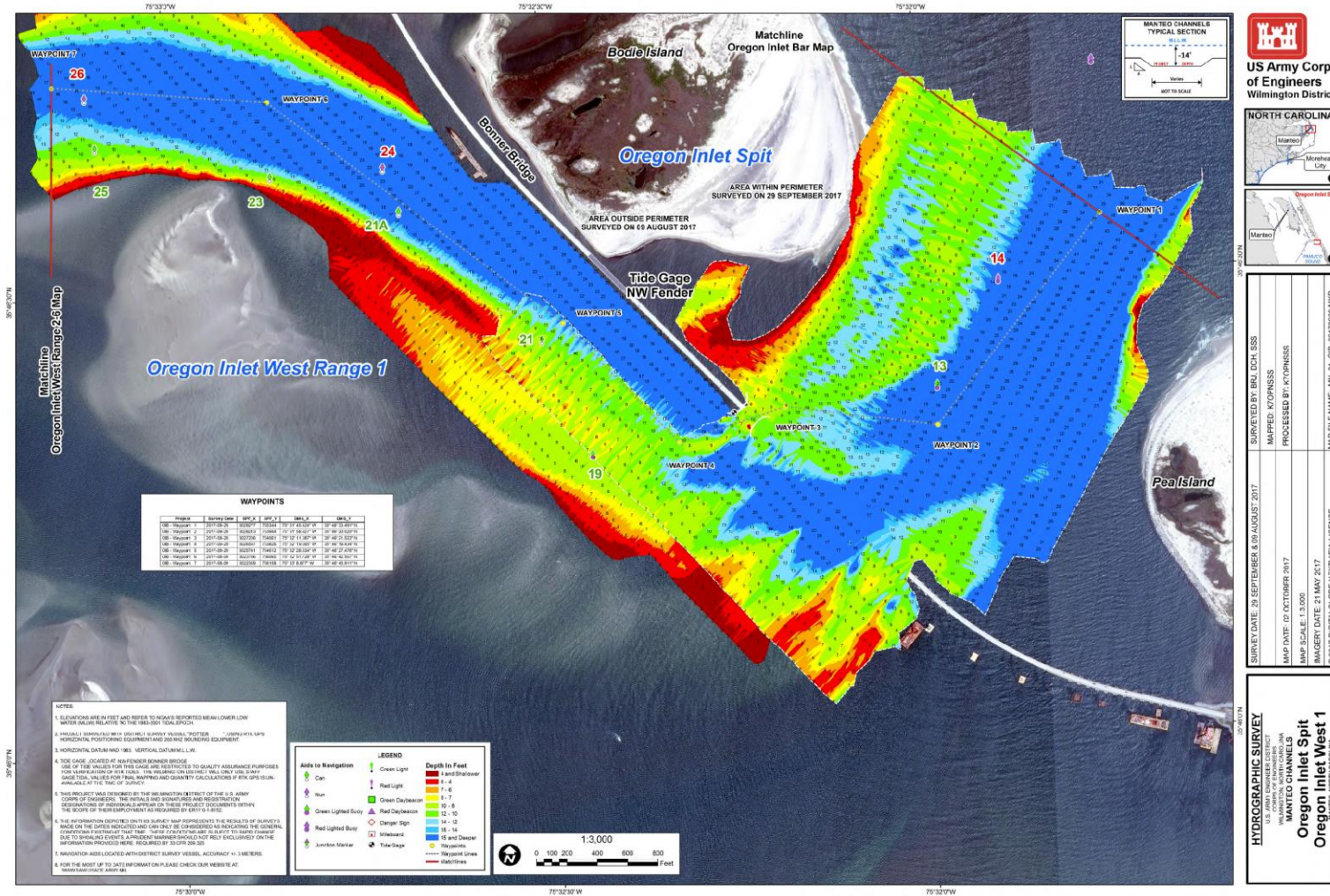
Manteo
Morehead City

Hydrographic Survey
U.S. Army Engineer District
Wilmington District
Manteo Channels
Oregon Inlet Spit
Oregon Inlet West 1
Manteo, North Carolina

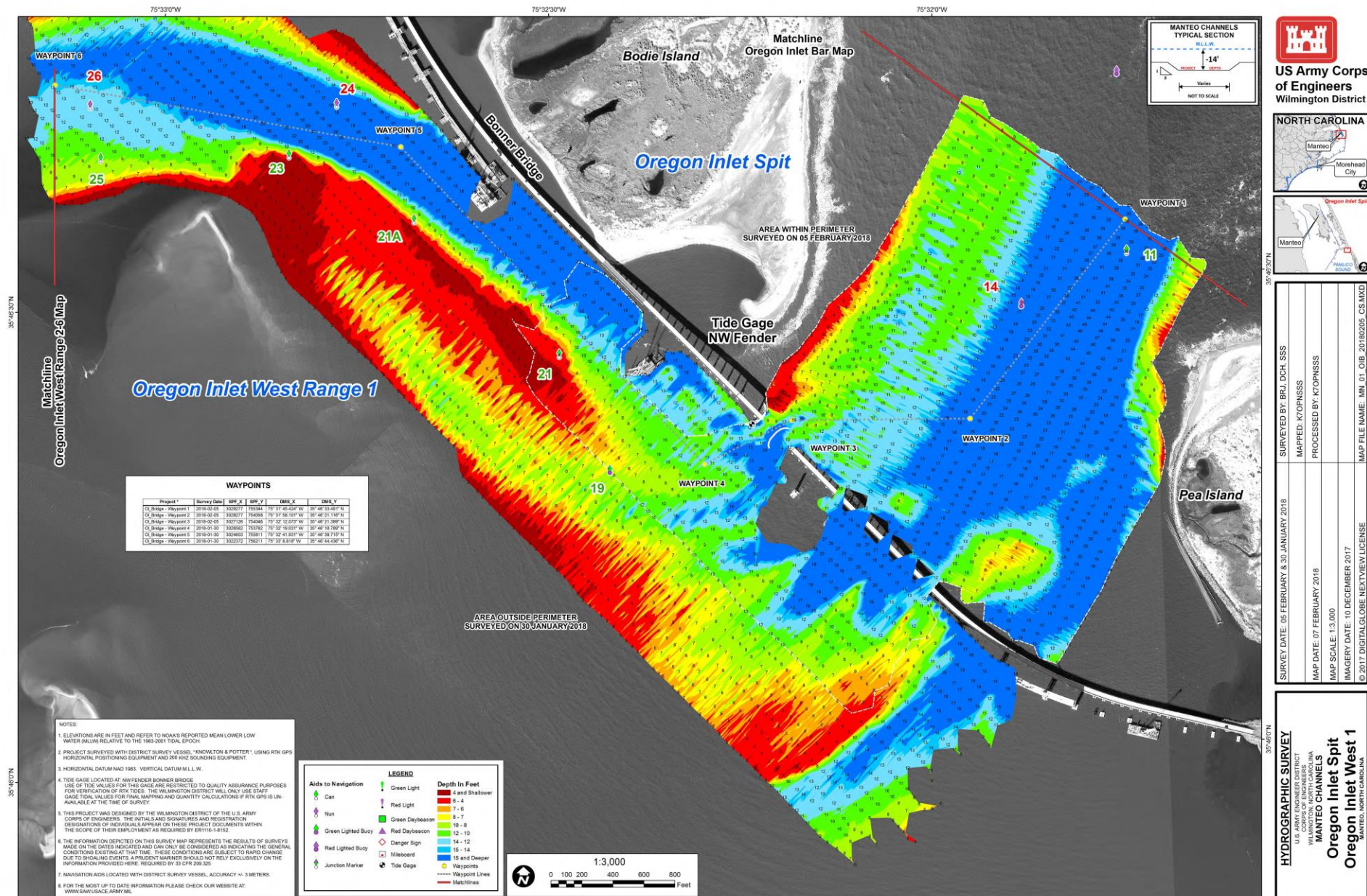
Survey Date: 21 SEPTEMBER & 09 AUGUST 2017
Map Date: 22 SEPTEMBER 2017
Map Scale: 1:3,000
Imagery Date: 21 MAY 2017
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Surveyed by: DCH BRJ SSS
Mapped: KTOPRSS
Processed by: KTOPRSS
Map File Name: MN_01_OIB_2010921.MXD

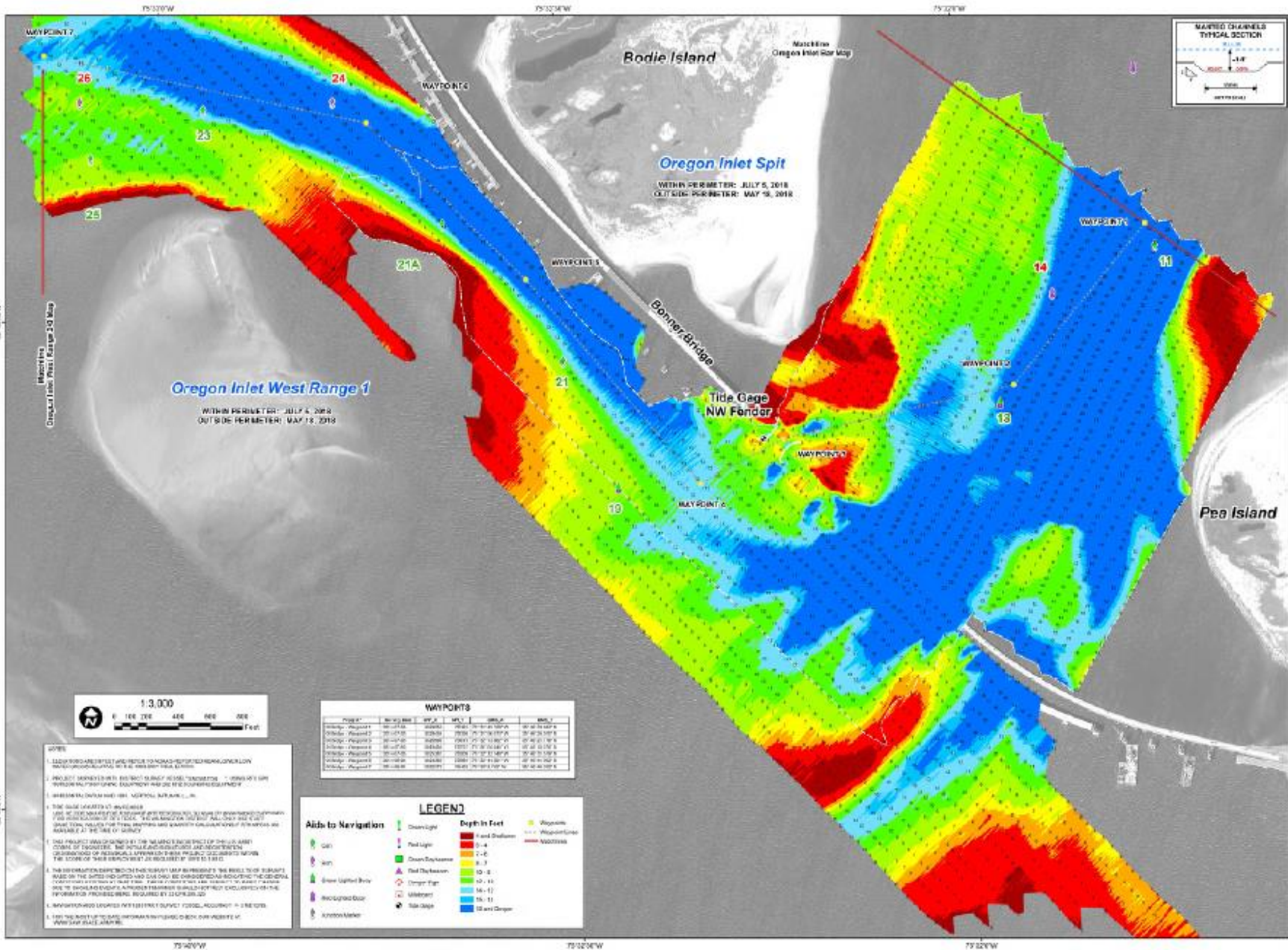
September 29th 2017



February 5, 2018



July 5, 2018



Part 3: Plan of Action & Needs



Economic Potential



In 2013 the Economic Impacts Associated with Oregon Inlet were projected to total \$548.4 Million.

If Oregon Inlet is restored and maintained to 14' X 400' as authorized for 75-100% of the time, the Prospective Economic Impact is \$1.59 Billion annually.

M&N '06 vs 2014 Dare/State Economics

Impact Category	Commercial Fishing		Seafood Packing & Processing		Boat Building & Support Services		Recreational Fishing & Tourism		Total Impact	
	2006	2014	2006	2014	2006	2014	2006	2014	2006	2014
Output	\$25,000,000	\$45,695,883	\$33,425,367	\$42,678,573	\$139,841,563	\$134,743,983	\$502,286,350	\$325,294,139	\$700,553,280	\$548,412,578
Employment	90	748	238	223	1,235	786	8,288	2,590	9,851	4,347
Wages/Salaries/ Proprietor Profits	\$2,720,657	\$17,331,441	\$7,112,340	\$9,457,846	\$45,669,308	\$38,954,238	\$209,700,831	\$112,333,815	\$265,203,136	\$178,077,340
Rent/Corp Profits	\$1,344,828	\$7,695,111	\$1,384,746	\$6,596,656	\$22,434,526	\$25,833,107	\$69,375,235	\$69,049,182	\$94,539,335	\$109,174,056
Fed Govt	\$895,555	\$2,861,941	\$2,149,376	\$2,026,397	\$7,441,012	\$8,172,590	\$34,978,165	\$20,662,594	\$45,464,108	\$33,723,522
State/Local Govt	\$488,250	\$1,633,759	\$890,092	\$1,511,314	\$4,806,248	\$4,905,638	\$37,460,831	\$15,192,863	\$43,645,421	\$23,243,574

2006 - A Study of the Benefits of Oregon Inlet to the Economy of Dare County and the Surrounding Region, Moffatt & Nichol

V4 - state

2014 - A Study of the Economic Impacts of Oregon Inlet Navigability to Dare County, the Surrounding Region, and the state of North Carolina, Moffatt & Nichol

The Main Takeaways:

Prospectively, as the economy returns to levels of 2005 and offshore energy proceeds to develop, a channel open to 14 feet 85-100% of the time at Oregon Inlet will potentially yield Economic Impacts of \$1.59B with more than 15,200 jobs.

Realistically, with a channel essentially closed, having a depth of 6' or more 5% or less of the time, the loss from the present status would be -\$253.8M with -3124 jobs. Inaction causing an essentially closed channel would remove the potential of approx. \$1.296B and more than 12,927 jobs from the table.

Long Term Sand Management at Oregon Inlet is all about protecting and developing existing economics, lives, resources & jobs from within the State of North Carolina.

PRO-ACTIVE DREDGING WORK PLAN



DEPARTMENT OF THE ARMY
WILMINGTON DISTRICT, CORPS OF ENGINEERS
69 DARLINGTON AVENUE
WILMINGTON, NORTH CAROLINA 28403-1343

REPLY TO
ATTENTION OF

March 13, 2015

CESAW-OP-P

Mr. Bobby Outten
Dare County Manager
Post Office Box 1000
Manteo, North Carolina 27954

Dear Mr. Outten:

This letter is in response to your request for a plan to allow for additional dredging of Oregon Inlet. For several years, the U.S. Army Corps of Engineers, Wilmington District (USACE) has worked with the Dare County Commissioners, the North Carolina Departments of Transportation (NCDOT) and Environment and Natural Resources (NCDENR), our Congressional representatives, your State legislators and stakeholders at the Federal, State, and local level to find creative solutions to the ongoing navigation challenges presented by the dynamic state of Oregon Inlet. We truly appreciate the tireless efforts of all project interested parties that have helped provide funding to keep the inlet open to navigation traffic. We also appreciate the historic efforts of NCDOT and NCDENR, whose willingness to enter into Contributed Funds Memoranda of Agreement (MOA) have allowed us the flexibility to leverage State funds to address shoaling situations that arise on nature's timeframes, and are not subject to schedules imposed by our Federal funding cycles. You have reached out to us in order to inquire whether the County could take this flexibility a step further. Specifically, you would like to know if the County could provide the funds to allow regular and predictable maintenance dredging of Oregon Inlet. We believe the answer to that question is "yes."

The remainder of this letter will outline the capabilities that the District thinks can be leveraged to meet your goal, the processes that might be used to get there, the funding that we expect to be necessary, and the risks that we can identify at this stage. Please understand that all of the suggestions provided in this letter are subject to the review and approval of our higher headquarters, and that all funding offers from the County would be subject to your own judgment about the best way to utilize your County's valuable resources. We also understand that every successful endeavor starts with good communication and a plan. This letter is our attempt to further the communication that we have had with County leaders, and to put a plan to paper.

Dare County leaders have expressed a desire to place a USACE special-purpose dredge, preferably the shallow-draft hopper MURDEN, in Oregon Inlet approximately 340 days a year, over a multi-year period. The MURDEN, like all USACE vessels in the District, is a national

PRO-ACTIVE DREDGING WORK PLAN @ O.I.

asset, and must remain available to work in other States, and respond to dredging emergencies, should they arise. There may be capacity, however, for the MURDEN to take on additional dredging responsibilities, and for the District to make its vessels available for dredging for the equivalent of 340 12-hour shifts throughout the year. Currently, only the CURRITUCK (our other shallow-draft hopper dredge) operates 24 hours a day, using two crews to enable round-the-clock dredging. As USACE is project-funded, this capability only exists because of project funds to enable it, primarily from out-of-state Federal navigation projects along the Atlantic coast. Should Dare County be able to provide a reliable source of contributed funds for Oregon Inlet maintenance, we should be able to add another crew to the MURDEN, allowing her to work 24 hours a day as well. In order to accomplish work efficiently, this would probably equate to a two week on/two week off schedule of Oregon Inlet maintenance (or something similar that proves to be effective), but the end result would still be 340 12-hour dredging shifts per year. We are willing to work with Dare County to plan a seasonal dredging schedule that will fit the needs of the County, while making efficient use of the right Corps vessel (usually the MURDEN or the CURRITUCK) and providing a reasonable work schedule for our crews.

The FY 2015 federal appropriation for Manteo (Shallowbag) Bay, which includes Oregon Inlet, is \$1,992,000 and the FY 2016 President's Budget request is \$2,000,000. This is unlikely to be adequate to keep the inlet open for the remainder of the fiscal year, but we will do our best. In the absence of federal funding, operation of the MURDEN for 340, twelve-hour shifts will cost approximately \$21,600 per shift, for a total of \$7,344,000. Our other vessels' daily rates are as follows: CURRITUCK \$30,000 per 24-hour shift and MERRITT \$12,000 per 12-hour shift. These daily rates reflect cost associated with transit to and from the dredge site and any weather delays encountered while on station. The daily rental rates for the dredges are reviewed semiannually and are subject to change.

The best agreement for implementing this plan is a Contributed Funds Memorandum of Agreement, similar to the one that is currently in place between the District and NCDENR for shallow draft inlet maintenance. In order to get an MOA approved, we would need a letter from the Commissioners stating the desire to enter into a Contributed Funds MOA, the amount offered, a statement of understanding that no repayment or credit for contributed funds is authorized, and a statement of understanding that acceptance of such funds will not constitute or imply any commitment to budget or appropriate funds for the project in the future. At the close of the MOA period, any unobligated or unexpended funds would be returned. We would use this letter to begin a process to notify our Headquarters and Congress of your offer, and begin the MOA approval process. In keeping with our guidance, we would not be able to negotiate terms of the MOA with you until such letter is received and we have had an opportunity to initiate our Congressional notification process. We can, however, describe and discuss the parameters of our involvement, in order for you to clearly understand what the offer of contributed funds means for you and for us.

The contributed funds process has worked well for us in North Carolina because we have a great partner in the State Department of Environment and Natural Resources, and in particular Messrs. Tom Reeder and Darren England, who have worked patiently with us to put together the existing shallow-draft MOA. Should you need their assistance or guidance in these matters, I am sure they would be happy to offer their own insights as to how the process has worked for them.

AMENDMENT TO MOA 14 NOV. 2013

NOW, THEREFORE, the Government and the Contributor agree to amend the Agreement as follows:

1. Throughout the MOA, all occurrences of the term "North Carolina Department of Environment and Natural Resources" are replaced with "North Carolina Department of Environmental Quality."

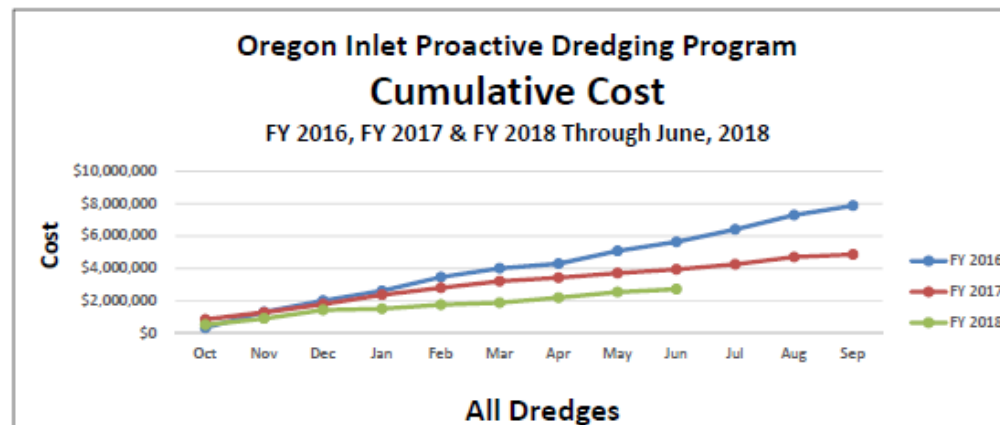
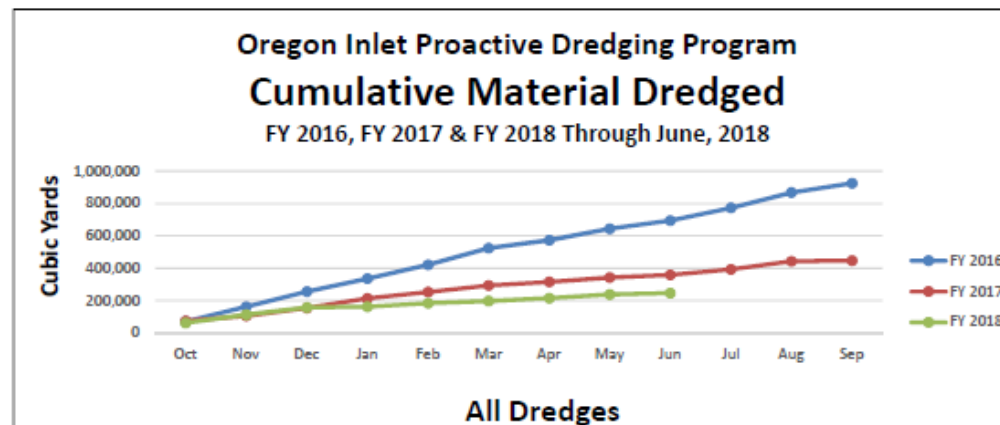
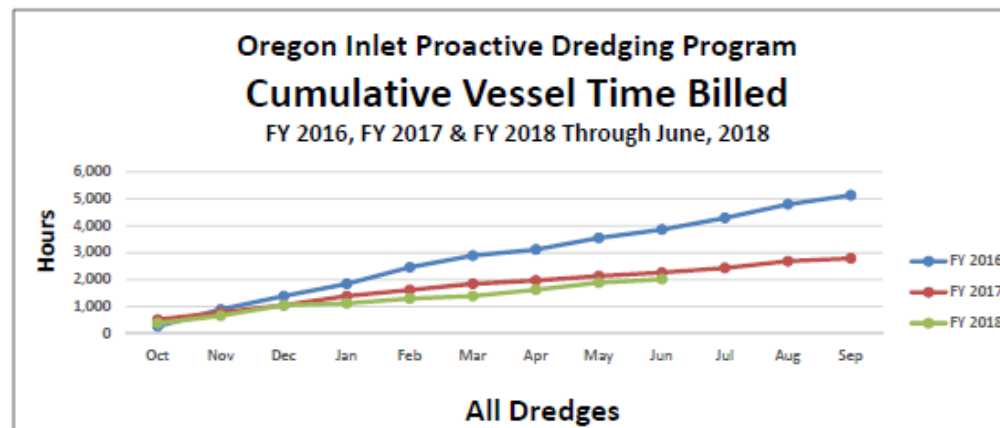
2. Paragraph 1 is amended by striking the current paragraph and replacing with the following:

"1. Beginning on the date of execution of this MOA, the Contributor plans to provide to the Government up to \$4,000,000 in Contributed Funds per fiscal year of the Government for costs associated with Maintenance Work, including the costs of environmental compliance, with that amount increasing to up to \$12,000,000 per fiscal year of the Government, beginning on the date of execution of Amendment No. 1 to this MOA, and ending September 30, 2026, for a total amount of up to \$140,000,000 for the entire period. While the Government will endeavor to limit costs of Maintenance Work performed under this MOA to the Government estimates, the Contributor understands that the actual costs of Maintenance Work may exceed the estimate due to claims or other unforeseen circumstances and that the Contributor is responsible for all costs, including any claims, related to the Maintenance Work."

3. Paragraph 3 is amended by striking the current paragraph and replacing with the following:

"3. The Contributor shall provide the funds to the Government by delivering a check payable to "FAO, USAED Wilmington (K7)" to the District Engineer or providing an Electronic Funds Transfer of such funds in accordance with procedures established by the Government."

4. All other terms and conditions of the MOA remain in full force and effect.



SESSION LAW 2018-5

SENATE BILL 99

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017
AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT**TITLE OF ACT**

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2018."

ACQUIRE PERMANENT DREDGING CAPACITY

SECTION 13.7.(a) The General Assembly finds that the maintenance of the State's shallow draft navigation channels in a manner that keeps those channels navigable and safe and minimizes their closure or degradation is a vital public purpose and a proper governmental function and that declines in federal funding and dredging activity have significantly and adversely impacted the ability of the federal government to maintain these channels in a timely manner. The resulting deterioration in these channels damages the significant portion of the economy of the State's coastal regions that is dependent on the use of the navigation channels by watercraft. Therefore, it is the policy of the State to support and, when necessary to meet the public purposes set forth in this subsection, to supplement federal maintenance of these navigation channels. For purposes of this section, "shallow draft navigation channel" shall have the definition set forth in G.S. 143-215.73F(c).

SECTION 13.7.(b) Notwithstanding subsection (b) of G.S. 143-215.73F, fifteen million dollars (\$15,000,000) from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund shall be allocated to Dare County (Local Partner) to provide a forgivable loan to a private partner for the purchase of a shallow draft hopper dredge to be used under the direction of the Oregon Inlet Task Force in accordance with the work plan negotiated under subdivision (2) of subsection (e) of this section for maintenance of shallow draft navigation channels located throughout the State. For purposes of this section, Oregon Inlet Task Force refers to the advisory body initially appointed by the Dare County Commission at its January 22, 2013, meeting, as subsequently revised by the Commission. The Local Partner shall delegate by resolution any of its delegable duties under this section to the Task Force. The Task Force shall coordinate the use of the dredge funded by this section to ensure that dredging projects for all shallow draft navigation channels located in waters of the State are completed in an expeditious and timely manner.

SECTION 13.7.(c) The selection of a private partner shall be subject only to the requirements set forth in this subsection and shall be exempt from Articles 3 and 8 of Chapter 143 of the General Statutes. By August 1, 2018, the Local Partner shall issue a Request for Proposals (RFP) with required guidelines and eligibility criteria to private entities for the forgivable loan funded by this section. An eligible entity responding to the RFP shall submit to the Local Partner an application within 30 days in the manner and accompanied by such information as the Local Partner may require. The Local Partner shall select a private partner no later than 60 days after the deadline for submission of responses to the RFP.

SECTION 13.7.(d) The forgivable loan agreement between the Local Partner and the private entity receiving the loan (the Loan Parties) shall (i) be for a term of 10 years,

renewable for additional 5 year terms at the agreement of the Loan Parties, and (ii) include, at a minimum, the following:

- (1) The dredge for which funding is provided under this section shall be used primarily for maintenance of shallow draft navigation channels located in the State under the direction of the Task Force and based on the work plan as determined in the Memorandum of Agreement described in subdivision (e)(2) of this section.
- (2) To ensure that public funds are used only to carry out public purposes, the private entity shall provide, as service repayment on the forgivable loan, dredging of the State's shallow draft navigation channels at a cost-savings between the usual and customary rate for dredging services of this type (as determined by the Local Partner in consultation with the United States Army Corps of Engineers and the Department of Environmental Quality) and a lower rate specified for the dredging in the loan agreement. The agreement shall account for cost-savings that total fifteen million dollars (\$15,000,000) over the term of the agreement. The Local Partner shall annually forgive that portion of the loan and any interest accrued on the loan based on the provision of reduced cost dredging services.
- (3) At the option of the Loan Parties, the agreement may provide for use of the dredge to undertake supplemental dredging projects within the State at the usual and customary rate charged for such projects if the Local Partner determines that the dredge has capacity to undertake additional work. The Loan Parties shall prioritize supplemental dredging projects for local governments over supplemental dredging projects for private entities. Supplemental dredging projects authorized by this subdivision shall not be credited toward repayment of the forgivable loan under subdivision (2) of this subsection.
- (4) If the private entity does not provide cost-savings on dredging services at the State's shallow draft navigation channels in an amount equal to fifteen million dollars (\$15,000,000) over the term of the Agreement, the owner of the dredge shall repay the Local Partner within 90 days of the termination date of the Agreement in an amount equal to the remaining service repayment obligation plus any interest accrued on the remaining obligation. The Local Partner shall forward the funds repaid under this subdivision to the Office of State Budget and Management to be credited to the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund.

SECTION 13.7.(e) The Department of Environmental Quality, the Local Partner, and the private entity shall do all of the following:

- (1) Plan and allocate responsibilities for any permits, authorizations, or certifications necessary for operation of the dredge for the purposes described in this section. The Local Partner and the private entity shall structure ownership and operation of the dredge in a manner that allows work to be conducted to the maximum extent possible under general permits or through amendments to existing individual permits in order to minimize the expense and delay associated with permitting of dredge operations.
- (2) Upon request of the Local Partner, negotiate a Memorandum of Agreement or an amendment to the existing Memorandum of Agreement between the Department and the United States Army Corps of Engineers to incorporate in-kind contributions through the activities of the dredge acquired under this section into existing work plans for maintenance work on shallow draft navigation channels of the State.

SECTION 13.7.(f) The Local Partner shall perform all of the administrative functions necessary to implement this section, including implementing the forgivable loan agreement, loan monitoring, establishing service repayment conditions, including necessary documentation for the determination of the cost of dredging services, enforcing the agreement, and all other functions necessary for the execution and enforcement of the agreement.

SECTION 13.7.(g) The State shall incur no liability for and nothing in this section is intended to waive any sovereign immunity the State may have at common law for any damages or loss associated with the activities authorized by this section. Furthermore, nothing in this section is intended to waive or abrogate the Local Partner's immunity from civil liability in tort.

SECTION 13.7.(h) The Local Partner shall annually report no later than October 1 on dredging activities undertaken during the prior fiscal year to the Department of Environmental Quality, the Fiscal Research Division, and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources. The report shall also include detailed information about any default on the terms of the forgivable loan and resulting recoupment or repayment of the State's investment during the fiscal year. The reporting requirement imposed by this subsection shall expire upon the filing of the report covering the fiscal year in which the term of the forgivable loan agreement ends.



RESOLUTION

DELEGATING DUTIES TO THE OREGON INLET TASK FORCE THAT ARE DESCRIBED IN 2017 SESSION SENATE BILL 99 SECTION 13.7.(a-h)

WHEREAS; 2017 SESSION SENATE BILL 99 SECTION 13.7.(a) states that The General Assembly finds that the maintenance of the State's shallow draft navigation channels in a manner that keeps those channels navigable and safe and minimizes their closure or degradation is a vital public purpose and a proper governmental function and that declines in federal funding and dredging activity have significantly and adversely impacted the ability of the federal government to maintain these channels in a timely manner. The resulting deterioration in these channels damages the significant portion of the economy of the State's coastal regions that is dependent on the use of the navigation channels by watercraft. Therefore, it is the policy of the State to support and, when necessary to meet the public purposes set forth in this subsection, to supplement federal maintenance of these navigation channels. For purposes of this section, "shallow draft navigation channel" shall have the definition set forth in G.S. 143-215.73F(e); and

WHEREAS; SECTION 13.7.(b) Notwithstanding subsection (b) of G.S. 143-215.73F, fifteen million dollars (\$15,000,000) from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund shall be allocated to Dare County (Local Partner) to provide a forgivable loan to a private partner for the purchase of a shallow draft hopper dredge to be used under the direction of the Oregon Inlet Task Force in accordance with the work plan negotiated under subdivision (2) of subsection (e) of this section for maintenance of shallow draft navigation channels located throughout the State. For purposes of this section, Oregon Inlet Task Force refers to the advisory body initially appointed by the Dare County Commission at its January 22, 2013, meeting, as subsequently revised by the Commission. The Local Partner shall delegate by resolution any of its delegable duties under this section to the Task Force. The Task Force shall coordinate the use of the dredge funded by this section to ensure that dredging projects for all shallow draft navigation channels located in waters of the State are completed in an expeditious and timely manner.

THEREFORE BE IT RESOLVED; The Dare County Board of Commissioners delegates any and all delegable duties to the Oregon Inlet Task Force that are described in 2017 SESSION SENATE BILL 99 SECTION 13.7.(a-h) to include: 1) Preparing a Request for Proposal (RFP) for private entities by August 1, 2018. 2) Selecting a private partner no later than 60 days after the deadline for RFP responses. 3) Negotiating a forgivable loan agreement with the private entity. 4) Developing a work plan that maximizes the use of general permits or through amendments to existing permits in order to minimize expense and delay. 5) Negotiating a Memorandum of Agreement (MOA) with the private partner implementing the work plan and providing for construction, operation, and maintenance of the dredge. 6) Negotiating an MOA or amending existing MOA's with the Army Corps of Engineers as necessary. 7) Providing an annual report no later than October 1 on dredging activities during the prior fiscal year. The County Manager/Attorney is authorized and shall work with the Oregon Inlet Task Force on behalf of the local partner in the execution of these duties and the Oregon Inlet Task Force shall give monthly reports to the Dare County Board of Commissioners during their second meeting of every month.

Request for Proposal (RFP)

To Acquire Permanent Dredging Capacity|

(Pursuant to NC General Assembly Session 2017,

Senate Bill 99, Section 13.7. (a-h))

Dare County, North Carolina



